

Message Text

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INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 FEAE-00 ERDA-05 IGA-02 L-03 H-02 AGR-05 AGRE-00

PM-04 DODE-00 MC-02 OES-06 OC-06 CCO-00 NASA-01

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FM AMEMBASSY TUNIS

TO SECSTATE WASHDC PRIORITY 4290

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AID FOR NE/NENA

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TAGS: USTSJC EAID EFIN EINV TS

SUBJECT: US-TUNISIAN JOINT COMMISSION - GOT
ASSISTANCE REQUEST

REF: TUNIS 6629, TUNIS 6086

1. SUMMARY: IN PREPARATION FOR NEXT MONTH'S JOINT COMMISSION MEETING AND AS I REQUESTED OF MINPLAN ZAANOUNI IN EARLIER CALL, GOT HAS PROVIDED AIDE MEMOIRE LISTING U.S. ASSISTANCE SOUGHT FOR ITS 1977-1981 FIFTH DEVELOPMENT PLAN. I AM PLEASED THAT GENERAL LINES OF REQUEST FIT WELL WITH ASSISTANCE PROGRAM WE HAVE BEEN DEVELOPING OVER THE LAST SEVERAL WEEKS, EVEN THOUGH IN QUANTITATIVE TERMS REQUEST IS EXAGGERATED. GOT, ITSELF, UNDOUBTEDLY RECOGNIZES REQUEST GOES BEYOND THE LIMITED OFFICIAL USE

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AMOUNTS OF CONCESSIONAL ASSISTANCE WE CAN PROVIDE.

HOWEVER, THROUGH COMBINATION OF CONCESSIONAL LOANS AND GRANTS, EXIM FINANCING AND POSSIBLE U.S. PRIVATE INVESTOR/OPIC INVOLVEMENT, OUR TOTAL RESPONSE SHOULD ADDRESS POSITIVELY NEARLY ALL POINTS IN THE AIDE MEMOIRE. END SUMMARY.

1. AIDE MEMOIRE ENTITLED "TUNISIAN - AMERICAN COOPERATION" PREPARED BY MINPLAN AND PRESENTED TO USAID DIRECTOR AND ECON/COMM COUNSELOR DURING COURTESY CALLS ON ACTING DIRECTOR OF INTERNATIONAL COOPERATION, MIN FOR AFFAIRS, SEPTEMBER 21. AIDE MEMOIRE APPEARS TO BE RESPONSE TO REQUEST BY AMBASSADOR DURING HIS INITIAL CALL ON MINPLAN ZAAOUNI THAT GOT LET US KNOW WELL IN ADVANCE OF JOINT COMMISSION OF PROPOSED GOT ASSISTANCE REQUESTS AND NOT SURPRISE US WITH PREVIOUSLY UNANNOUNCED REQUESTS AT JC MEETING.

2. FIRST HALF OF DOCUMENT IS SUMMARY DESCRIPTION OF 1977-1981 PLAN, WHICH STARTS AS INTRODUCTION TO REQUEST FOR INCREASED U.S. ASSISTANCE TO TUNISIAN EFFORTS UNDER PLAN TO ACHIEVE ECONOMIC TAKE-OFF. PACKAGE OF CONCESSIONAL ASSISTANCE REQUESTED CONSISTS OF A) \$25 MILLION ANNUALLY OF PROJECT LANDING; B) \$10 MILLION ANNUALLY IN COMMODITY LOANS; 104 (F) LOANS FROM U.S.-OWNED DINARS; D) PL 480 TITIAL I CREDITS BEGINNING WITH 80,000 MT IN FY 1977 AND SUBSEQUENT SALES BASED ON ANNUAL CROP RESULTS; AND E) CONTINUATION OF EXISTING TECHNICAL ASSISTANCE PROGRAM AUGMENTED BY 100 ADDITIONAL PARTICIPANT TRAINING SLOTS ANNUALLY.

3. IN ADDITION, USG SUPPORT IS SOUGHT FOR OBTAINING LOANS ON COMMERICAL TERMS FROM EXIM BANK AND OTHER BANING SOURCES. PURCHASE OF 8 BOEING AIRCARFT FOR \$100 MILLION APD DEVELOPMENT OF OFF-SHORE GAS AT COST OF \$600 MILLION ARE CITED AS EXAMPLES OF KIND OF INVESTMENT SUITED FOR LIMITED OFFICIAL USE

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NON-CONCESSIONAL U.S. FINANCING.

4. IN VIEW OF TOTAL AMOUNT OF CONCESSIONAL LOANS SOUGHT FROM U.S. (IN NEIGHBORHOOD OF \$200 MILLION), IT PROBABLY SAFE TO CONSIDER REQUEST AS SHOPPING LIST FROM WHICH WE CAN SELECT AREAS MOST COMPATIBLE WITH U.S. LEGISLATION AND POLICY. SEEN IN THIS LIGHT, IT SHOULD NOT BE DIFFICULT TO FIND WITHIN

THE LIST SUFFICIENT NUMBER OF ITEMS OF HIGH PRIORITY TO ABSORB AMOUNT OF CONCESSIONAL FUNDS AVAILABLE FOR TUNISIA. MUCH OF REMAINDER OF LIST CONSISTS OF PROJECTS WHICH SHOULD BE ELIGIBLE FOR EXIM FINANCING AND A FEW WHICH MIGHT ATTRACT PRIVATE INVESTOR/OPIC INTEREST, PARTICULARLY IN AGRIBUSINESS SECTOR.

5. OF TEN PROJECTS PROPOSED IN AGRICULTURAL SECTOR, ONE OF WHICH APPEARS MOST NEARLY TO MEET AID CRITERIA, PARTICULARLY IN VIEW OF LIVESTOCK/FORAGE ELEMENT WHICH RELATES TO EXISTING USAID PROJECT, IS CALLED IMPROVEMENT OF PRODUCTIVITY OF SMALL AND MEDIUM CEREAL FARMS. FOUR AG PROJECTS INVOLVE INSTALLATION OF IRRIGATION PERIMETERS, INCLUDING CHARDIMAOU. SEVERAL PROJECTS SEEM WELL-SUITED TO EXIM FINANCING. THESE INCLUDE A) HEAVY AGRICULTURAL MACHINERY FOR STATE ENTERPRISE (SONAMO) THAT PROVIDES CONTRACT LAND PREPARATION AND HARVESTING SERVICES TO FARMERS; B) EQUIPMENT INCLUDING 10 PLANES AND 2 HELICOPTERS, FOR STATE CROP SPRAYING SERVICE (SONAPROV); C) EQUIPMENT FOR IMPROVING HANDLING AND STORAGE OF GRAIN. LAST PROJECT INVOLVES CONVERSION FROM SACK TO BULK HANDLING IN LINE WITH RECOMMENDATIONS AID-FINANCED KANSAS STATE UNIVERSITY STUDY. TWO PROPOSALS FOR ESTABLISHMENT OF DAIRY FARMS MIGHT BE ADAPTED TO INTEREST U.S. PRIVATE COMPANIES THROUGH AGRIBUSINESS CONCIL, OPIC, AND OR EXIM. EVEN AS PURELY TUNISIAN VENTURES, CATTLE IMPORT ELEMENT SHOULD BE ELIGIBLE FOR EXIM FINANCING.

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6. IN RURAL DEVELOPMENT SECTOR, GOT SEEKS, IN ADDITION TO CURRENT INVOLVEMENT IN SILIANA FOR WHICH IT PROPOSES ADDITIONAL \$5 MILLION LOAN, OUR ASSISTANCE FOR NEW PROGRAM IN THREE GOVERNORATES SOUTH OF SILIANA. SINCE PLANNED NEW RURAL HEALTH PROJECT WILL BE LIKELY TO OPERATE IN ONE OF THESE THREE, THIS USAID PROJECT COULD CONSTITUTE IMPORTANT U.S. CONTRIBUTION TO BROADER RD INVOLVEMENT SOUGHT BY GOT. AIDE MEMOIRE REQUEST FOR ASSISTANCE TO ESTABLISH TECHNICAL TRAINING CENTERS FITS WELL WITH PROPOSAL UNDER CONSIDERATION FOR TECHNICAL LYCEE IN CONTEXT OF SILIANA RD PROJECT.

7. INCREASED U.S. ASSISTANCE TO FAMILY PLANNING PROGRAMS INCLUDING CONSTRUCTION OF MATERNAL AND CHILD HEALTH CENTERS BEYOND OUR REACH BUT ONGOING U.S. FAMILY PLANNING PROJECT HAS BEEN SUBSTANTIALLY ENLARGED IN THE PAST YEAR, AND WILL BE FUNDED AT CLOSE TO \$2 MILLION PER YEAR FOR THE NEXT SEVERAL YEARS.

8. THE AIDE MEMOIRE ALSO REQUESTS U.S. ASSISTANCE FOR THE LIMITED OFFICIAL USE

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CONSTRUCTION OF A EARTH SATELLITE STATION. THE PURPOSE OF THE STATION WOULD BE TO MEET TUNISIA'S COMMUNICATIONS NEEDS WHEN PRESENT CABLE LINKS BECOME OVERLOADED IN THE LATE SEVENTIES.

OUR RESPONSE TO THIS REQUEST NEEDS TO BE BASED ON EXPERT APPRAISAL WHICH WE HOPE CAN BE INITIATED BY VISIT OF AID SCIENCE AND TECHNOLOGY CONSULTANT PIKE. WE SEE SCOPE FOR MIX OF CONCESSIONAL (POSSIBLY ON INTERMEDIATE TERMS OR MODIFIED INTERMEDIATE) AND EXIM/COMMERCIAL FINANCING FOR GROUND STATION WHICH WOULD BE MULTIPURPOSE TO HANDLE COMMUNICATIONS AND LANDSAT IMAGERY.

9. WE BELIEVE IT SHOULD BE POSSIBLE TO GO CONSIDERABLE DISTANCE TOWARD SATISFYING GOT DESIRE FOR ADDITIONAL PARTICIPANT TRAINING. SEE SEPTTEL RE PROPOSED AGRICULTURAL PROJECT RESPONSIVE TO GOT NEEDS. IN ADDITION, LIMITED NUMBER OF PARTICIPANTS IN HIGH PRIORITY AREAS OF SCIENCE AND TECHNOLOGY COULD MAKE IMPORTANT CONTRIBUTION BOTH TO

DEVELOPMENT PROCESS AND TO TUNISIAN GOODWILL. APART FROM TRAINING ELEMENT, WE SHOULD EMPHASIZE OUR WILLINGNESS TO SHAPE ONGOING TECHNICAL ASSISTANCE PROGRAM TO RESPOND TO BGOT PRIORITIES WHILE AT SAME TIME ADDRESSING FIELDS, SUCH AS SCIENCE AND TECHNOLOGY, WHERE U.S. CAPABILITIES AND TUNISIAN STATE OF DEVELOPMENT PROMISE UNUSUALLY HIGH AND QUICK RETURNS.

1. TITLE REQUEST, WHICH IS BASED ON ESTIMATED 438,000 MT 1976/77 DEFICIT, WILL BE SUBJECT OF SEPTTEL AFTER WE HAVE RECEIVED FORMAL REQUEST WITH FULL SUPPLY/DEMAND TABLES.

11. FRENCH TEXT OF AIDE MEMOIRE AND ENGLISH TRANSLATION BEING POUCHED. BRIEFING MATERIAL UNDER PREPARATION HERE FOR JOINT COMMISSION WILL TAKE DOCUMENT FULLY INTO CONSIDERATION.

DECONTROL FOLLOWING ONE YEAR.
MULCAHY

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